

Annual Report of the Finances for the Diocese of Covington – June 30, 2025

The annual report of the Diocese of Covington shows the financial position and results of operation of the Diocese for the years ended June 30, 2025, and 2024. The financial statements of the Diocese of Covington are audited by the certified public accounting firm of Dean Dorton Allen Ford PLLC. The auditors' report on the financial statements includes an unmodified opinion that the statements present fairly, in all material respects, the financial position of the Diocese of Covington and the related affiliates. An unmodified opinion is the highest level of assurance given by a public accounting firm.

The financial information presented herein includes the Diocese of Covington Curia offices, which are fiscally responsible to and under the direct control of the Bishop of the Diocese. This includes the central administrative offices, program offices and departments of the Diocese, its cemeteries, the Diocesan/Parish Annual Appeal, seminarian recruitment and education, the care for elderly and infirmed priests, the Diocesan-wide secondary school sup-

port program, the Alliance for Urban Catholic Education (ACUE) school operations, and the Diocesan-wide employee health insurance program, which was self-funded before fiscal year 2024 and is now a full-indemnity plan.

Various religious orders, lay societies, religious organizations which operate within the Diocese, parishes, parish elementary schools, secondary schools and other related institutions are not included in the accompanying financial information.

Results of Operations

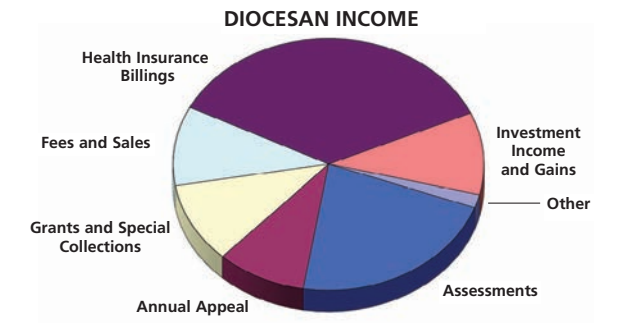
During this past fiscal year, total revenues decreased from the prior year by 3%. This is due mostly to less revenue from health insurance premiums, as the full-indemnity plan reduced health insurance fees for the Diocese and allowed for lower premium collections from all locations (-11.6%), poorer investment return (-10%), and less other and miscellaneous revenue (-10.5%) offset by more received in Grants and Special Collections, particularly in the ACUE schools (47.8%).

Total expenses increased by 11% due to increases in priest post-employment benefits following an actuarial study update (431.7%), grants made by the Diocese (57.9%), and programmatic expenses (18.2%) offset by reductions in interest expense (4.3%). Notably, an impairment loss on property was recognized (in programmatic expenses) in this past fiscal year of \$1.1 million.

Operating Revenue

During the fiscal year ended June 30, 2025, the Diocese received operating revenue from the following sources which it used to fund its various ministries and services.

Health insurance billings	\$ 10,300,332
Assessments	6,334,996
Investment income/(losses)	3,028,045
Grants and special collections	2,967,177
Fees and sales	2,925,661
Diocesan/Parish Annual Appeal	2,678,316
Other	481,115
Total Operating Revenue	<u>\$ 28,715,642</u>



• Parish assessments are comprised of three taxes on the parishes of the Diocese. The first two are applied to assessable income, which is defined by diocesan policy and includes offertory, net fundraising, school tuition, and bequest income. A 6.75% tax on the assessable income of all parishes provided \$3,132,458 of income to fund the administrative offices of the Diocese. A 5% tax on the assessable income of the parishes of Boone, Campbell, Kenton and Mason counties provided \$2,340,698 of support for the secondary and urban schools of the Diocese. Lastly, in lieu of operating individual inner-city schools as parochial schools, the parishes of the inner-city core of the Diocese provide a subsidy to the Diocese to operate those schools as a consortium under the auspices of the Alliance for Catholic Urban Education (ACUE). This subsidy amounted to \$861,840.

• The Diocesan/Parish Annual Appeal for 2024 (ended on March 31, 2025; adjusted to fiscal year ended June 30, 2025) raised an amount totaling \$4,279,434. Of this amount \$1,601,118 was returned to parishes as rebates for use in local ministries.

• Grants, special collections, and contributions represent: 1) grant monies received, which are distributed to Diocesan parishes and missions, 2) the seminary collection used for seminarian education and 3) bequests received by the Diocese.

• Fees and sales represent the following for the 2025 fiscal year:

Cemetery fees and sales	\$ 1,096,274
ACUE tuition and fees	1,066,252
Departmental fees and fundraising	312,411
Education office fees	256,895
Newspaper ads and subscriptions	193,829
Total Fees and Sales	<u>\$ 2,925,661</u>

• Health insurance billings represent the collection of funds to pay the premiums charged to the Diocese and its entities for coverage with the full-indemnity plan in place effective July 1, 2024. The Diocese collects these premiums from the various locations and then pays the provider using these receipts. Previously, the Diocese was self-insured. In this full-indemnity plan, the Diocese only pays premiums to the provider of the insurance, who handles all claims payments.

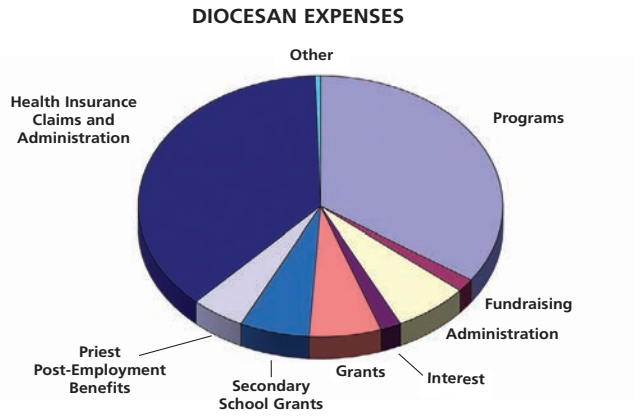
• Investment income/(loss) is the accumulation of interest, dividends, realized and unrealized gains/(losses) on investments held by the Diocese.

Operating Expense

During the fiscal year ended June 30, 2025, the Diocese incurred programmatic costs, grant-making and departmental expenses as follows:

Health insurance claims/administration	\$ 11,061,287
Program expenses	10,168,749
Episcopal administration	1,951,742
Diocesan Grants	1,882,854
Secondary school grants	1,820,000
Priest post-employment benefits	1,406,006
Interest expense	540,750
Fundraising expenses	476,848
Other expenses	141,354
Total Operating Expense	<u>\$ 29,449,590</u>

Roman Catholic Diocese of Covington, Diocesan Curia CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
June 30	2025	2024	
Assets			
Cash and Cash Equivalents	\$ 6,403,439	\$ 7,267,439	
Restricted Cash for Perpetual Care Fund	22,930	21,360	
Accounts Receivable, Net	653,512	646,751	
Loans Receivable, Net	9,562,549	8,182,498	
Notes Receivable, Net	4,510,175	6,193,686	
Unconditional Promises to Give, Net	2,529,720	1,832,724	
Cemetery Property Held for Sale	314,257	314,621	
Investments	26,510,074	25,106,016	
Restricted Investments for Perpetual Care Fund	3,386,463	3,293,757	
Property and Equipment, Net	10,640,905	12,234,134	
Other Assets	940,357	667,611	
Right of Use Assets - Operating Leases	96,902	128,999	
Total Assets	<u>65,573,283</u>	<u>65,889,596</u>	
Liabilities			
Accounts Payable and Accrued Expenses	1,605,591	1,968,863	
Claims and Reserve for Incurred but not Reported Benefit Claims	-	1,100,000	
Special Collections Payable	718,748	543,602	
Pledges Payable, Net	361,473	442,030	
Deposits Payable	14,196,386	11,951,477	
Notes Payable, Net	4,524,126	6,212,274	
Advances and Deferred Receipts	3,539,915	3,318,108	
Priest Postretirement Liability	5,363,398	4,337,775	
Operating Lease Liabilities	98,379	128,162	
Total liabilities	<u>30,410,016</u>	<u>29,992,381</u>	
Net Assets			
Without Donor Restrictions	23,334,252	24,583,367	
With Donor Restrictions	11,829,015	11,313,848	
Total Net Assets	<u>35,163,267</u>	<u>35,897,215</u>	
Total Liabilities and Net Assets	<u>\$ 65,573,283</u>	<u>\$ 65,889,596</u>	
See accountants' report and accompanying notes.			



• In fiscal year 2025, the Diocese recognized an impairment loss on its Retreat Center property of \$1,110,220, representing a correction of the realizable value of that property.

• Health insurance premiums are paid to the provider of the full-indemnity health insurance plan that the Diocese has contracted. These premiums are paid from the funds charged and collected from the locations across the Diocese with employees in the plan.

• Program expenses represent expenditures for carrying out the various ministries for the Diocese. These expenses include personnel salaries and benefits as well as direct expenses of the ministry. Program expenses are categorized as follows:

ACUE expenses	\$ 3,682,912
Diocesan properties	2,045,978
Cemeteries	985,502
Community and pastoral services	859,653
Catholic Schools	816,768
Messenger	793,577
Clergy	566,945
Seminary studies, vocations and deacon formation	417,414
Total Program Expenses	<u>\$ 10,168,749</u>

Roman Catholic Diocese of Covington, Diocesan Curia CONSOLIDATED STATEMENTS OF ACTIVITIES				
Year Ended June 30	2025		2024	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, Gains and Other Support				
Parish Assessments	\$ 6,334,996	-	\$ 6,334,996	\$ 6,181,618
Diocesan Parish Annual Appeal	-	2,678,316	2,678,316	2,700,959
Dividends and Interest	1,183,490	96,241	1,281,731	1,176,206
Grants and Special Collections	18,591	552,116	570,707	400,185
Realized Gains on Investments	592,588	251,970	844,558	1,642,068
Unrealized Gains / (Losses) on Investments	544,981	356,775	901,756	545,549
Contributions and Bequests	267,222	2,129,248	2,396,470	1,607,489
Insurance Premium Retention	375,714	-	375,714	414,365
Fees and Sales	2,925,661	-	2,925,661	3,204,139
Health Insurance Billings	10,300,332	-	10,300,332	11,657,540
Other Income	105,401	-	105,401	64,750
Total revenue, Gains and Other Support	22,648,976	6,066,666	28,715,642	29,594,868
Net Assets Released From Restrictions	5,551,499	(5,551,499)	-	-
Total Revenue, Support, Gains, and Reclassifications	28,200,475	515,167	28,715,642	29,594,868
Expenses				
Programs	10,168,749	-	10,168,749	8,599,486
Fundraising	476,848	-	476,848	481,299
Management and General:				
Episcopal Administration	1,951,742	-	1,951,742	1,830,799
Related to Sexual Abuse				
Settlements, Legal Fees and Counseling	45,812	-	45,812	55,177
Grants Made by Diocese	1,882,854	-	1,882,854	1,192,163
Interest	540,750	-	540,750	565,138
Priest Post Employment Benefits	1,406,006	-	1,406,006	264,438
Secondary School Grants	1,820,000	-	1,820,000	1,852,001
Health Insurance Claims and Administration	11,061,287	-	11,061,287	11,797,715
Contributions and Assessments	95,542	-	95,542	90,334
Total Expenses	29,449,590	-	29,449,590	26,528,550
Change in Net Assets	(1,249,115)	515,167	(733,948)	3,066,318
Net Assets at Beginning of Year	24,583,367	11,313,848	35,897,215	32,830,897
Net Assets at End of Year	<u>\$ 23,334,252</u>	<u>\$ 11,829,015</u>	<u>\$ 35,163,267</u>	<u>\$ 35,897,215</u>
See accountants' report and accompanying notes.				

• Secondary school grants are made to the Diocesan urban and secondary schools for operating, scholarship, and capital purposes from the secondary school assessment of parishes.

• Grants are made to various parishes, schools, and other Diocesan institutions from the Annual Appeal and from other Diocesan revenues as follows:

Cathedral Operations	\$ 780,743
Catholic Charities	300,000
Priest Retirement Fund	275,000
Inner city grants	244,500
Educational assistance	160,750
Parishes and Schools	61,990
Holy See	22,000
Mission Outreach	15,507
DPAA pledges	4,443
Other grants	17,921
Total Grants	<u>\$ 1,882,854</u>

• Priest post-employment benefits are the actuarially calculated cost of insurance for all retired priests as well as the costs of nursing care and assistance to infirmed priests.

Donor Restricted Assets

As of June 30, 2025, the Diocese holds net assets which are donor restricted or endowed. Donor restricted assets are subject to a specific purpose or the passage of time. For endowed assets, only the income may be used for the intended purpose of the endowment, the principal may not be expended. These funds are classified as follows:

Restricted for a Specific Purpose/Time Period

Diocesan Annual Appeal	\$ 2,637,468
ACUE	2,002,344
General Education Need	312,120
Pastoral Ministry Seminarian Services	65,601
Other Restrictions	606,135
	<u>\$ 5,623,668</u>

Endowed Assets

Educational	\$ 2,485,218
Property maintenance	942,386
Diocesan Annual Appeal	52,504
Social concerns	16,374
ACUE	3,200
Accumulated Net Appreciation	<u>2,705,665</u>
Total Donor Restricted Assets	<u>\$ 11,829,015</u>

Special Collections

The people of the Diocese of Covington have been extremely generous with their support of various agencies and relief efforts in our country and around the world. The following table is a listing of these Special Collections.

Hurricane Relief	\$ 244,413
Mission Cooperative (ACUE)	221,312
Religious Retirement Collection	176,283
International and Domestic needs	143,089
Holy Father collection for worldwide charities (Peter's Pence)	63,112
Wildfire Relief	36,470
Opportunities for Life	14,105
Other special collections	1,791
Total Special Collections	<u>\$ 900,575</u>

Respectfully Submitted,

Robert Hagedorn, CPA
Chief Financial Officer
Diocese of Covington

January 7, 2026



Dear Brothers and Sisters in Christ,

Blessings in this New Year!

I am pleased to present you with the audited financial statements for the Diocese of Covington for the fiscal year ending June 30, 2025. As you review these reports, you will see that an independent public accounting firm has again issued an unmodified opinion that these statements present an accurate and thorough picture of Diocesan finances for the year. This is the highest level of assurance attainable. The Diocesan Finance Council reviewed these statements in October 2025.

This year has been a profound journey for the Church. We mourned the passing of our beloved Holy Father, Pope Francis, and rejoiced in welcoming Pope Leo XIV, the first American-born pope. Both leaders have inspired us during this Jubilee Year with a simple yet powerful call: to be “Pilgrims of Hope.”

As Pilgrims of Hope, we are invited to pause and reflect on the abundant gifts God has entrusted to us — our time, our talents and our treasures — and to consider how we can share these blessings to bring hope to others.

Here in the columns of this report, you will discover how, together, your generosity is breathing new life into Catholic formation and leadership in the Diocese of Covington. Youth ministries are flourishing, parish communities are reimagining their ministries and our priests are guiding with courage and compassion.

I am grateful to the members of the Diocesan Finance Council and the staff of the Diocesan Finance Office for their advice and diligence to promote sound management of the resources you entrust to the Church. As we begin this new year, I thank God for each of you and entrust you to His loving care. Be assured of my prayers. Please, pray for me and for our beloved Diocese of Covington.

In Christ's peace,

Most Rev John C. Iffert
Bishop of Covington